

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 05980 161542Z

53

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 057038

O 161508Z JUN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 4612

C O N F I D E N T I A L CAIRO 5980

EXDIS

E.O. 11652: GDS

TAGS: EAID EG

SUBJECT: EMERGENCY ASSISTANCE FOR EGYPT

REF CAIRO 5927; CAIRO 5932

FOLLOWING IS CORRECTED VERSION OF CAIRO 5932:

E.O. 11652: GDS

TAGS: EAID EG

SUBJECT:EMERGENCY ASSISTANCE FOR EGYPT

REF: CAIRO 5927

1. TEMPLETON AND DEMONGEOT MET WITH ABU ISMAIL TONIGHT FOR ABOUT ONE AND HALF HOURS. FOLLOWING SUMMARIZES TALK.

2. DISCUSSION WITH ABU ISMAIL REVEALED HIS COMPLETE CONFUSION WITH LAST TWO SENTENCES OF PARAGRAPH 3 OF LETTER. FOLLOWING OUR DISCUSSION OF DERIVATION OF FIGURES, ISMAIL AGREED FULLY WITH FORMULATION AS ORIGINALLY STATED AND RESULTING DEFICIT OF LE 730 MILLION.

3. HOWEVER, AS WE SUSPECTED, ISMAIL INSISTS
A) THAT NEITHER THE CAPITAL GOODS NOR INTER-MEDIATE AND CONSUMER GOODS CAN BE REDUCED AS PROJECTED IN PARAGRAPH 4 ALTHOUGH HE NOW WILLING TO ACCEPT STATEMENT RE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 05980 161542Z

DEEH SERVICE LIMITATION. THIS WOULD HAVE EFFECT OF REDUCING

LE 730 MILLION DEFICIT BY AT LEAST LE 192 MILLION.

4. TO RESULTING DEFICIT, ISMAIL INSISTED THAT TWO FACTORS SHOULD BE ADDED: A) XVRE FINANCING OF LE 700 MILLION IN SHORT-TERM BANKING FACILITIES AND B) LE 416 MILLION IN PROJECTED DEBT SERVICING FOR CY 1976 WHICH ISMAIL AT FIRST CLAIMED WOULD FALL DUE IN EARLY CY 1976.

5. WHEN WE POINTED OUT THAT THE NEW TOTAL WOULD EXCEED HIS "MAGIC" FIGURE OF LE 1.4 BILLION BY SOME LE 254 MILLION, ISMAIL INDICATED THAT BANKING FACILITIES WOULD NEED NOT BE BROUGHT BACK TO ZERO, BUT THAT UP TO LE 200 MILLION COULD BE CARRIED OVER INTO CY 1976. WE ALSO QUESTIONED WHETHER ALL OF LE 416 MILLION DEBT SERVICING PROJECTED FOR CY 1976 WOULD FALL DUE IN FIRST HALF OF YEAR. ISMAIL INDICATED AGREEMENT THAT SOME PORTION COULD BE HELD OVER TO SECOND HALF OF YEAR. HOWEVER, IT IS CLEAR THAT ISMAIL WILL INSIST THAT TOTAL REQUIREMENTS MUST BE STATED AS AT LEAST LE 1.4 BILLION.

6. WE POINTED OUT NEED TO HAVE CLEAR AND CONSISTENT EXPLANATION OF WHATEVER FIGURE IS USED AGREED TO GET TOGETHER AGAIN TOMORROW TO SETTLE ON ACTUAL BREAKDOWN OF TOTAL FIGURE.

7. WHEN WE SUGGESTED THAT FIGURE MUST BE KEPT WITHIN REALM OF REALISTIC POSSIBILITY FOR ASSISTANCE, ISMAIL INDICATED THAT A) HIS UNDERSTANDING OF OUTCOME OF SALZBURG TALKS WAS THAT US CAMPAIGN WOULD HAVE TARGET OF DOLLARS 1.5 BILLION AND THAT B) GOE WOULD UNDERTAKE TO RAISE BALANCE THROUGH SEPARATE APPROACHES TO ARAB STATES. IN ENSUING DISCUSSION, ISMAIL REVEALED THAT HE INTERPRETED TARGET OF \$1.5 BILLION TO EXTEND THROUGH FIRST HALF OF CY 1976. HE VOLUNTEERED FOLLOWING BREAKDOWN:

USA	\$ 620
GERMANY	200
JAPAN	200
IRAN	250

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 05980 161542Z

SAUDI ARABIA	\$ 250

	\$1,520MILLION

8. IN RESPONSE TO OUR QUESTION, ISMAIL INDICATED THAT THE \$250 MILLION FROM SAUDI ARABIA WAS ADDITIONAL TO THE \$600 MILLION RECENTLY PROMISED

WHICH, WITH THE \$500 MILLION KUWAIT ASSISTANCE, WOULD BE ADDRESSED TO THE BALANCE OF THE LE 1.4 BILLION (\$3.5 BILLION).

9. WE POINTED OUT TO ISMAIL THAT ALL OF CONTEMPLATED \$620 MILLION FROM US WOULD NOT REPEAT NOT HELP WITH HIS BALANCE OF PAYMENT PROBLEM SINCE AT LEAST \$250 MILLION WOULD BE DIRECTED TOWARDS PROJECTS. ISMAIL WAVED HIS HAND AND SAID THAT EGYPT NEEDED PROJECT AID AS WELL.

10. AT TOMORROW'S MEETING, WE WILL ATTEMPT DRAFT NEW LETTER WHICH LAYS OUT CLEARLY THE EGYPTIAN POSITION AND THE MAKE-UP OF THE TOTAL REQUIREMENT. WHILE THIS TOTAL COULD WELL BE OVERLY AMBITIOUS, A DETAILED LETTER SHOULD GIVE EACH OF THE POTENTIAL DONORS A BETTER UNDERSTANDING OF THE PROBLEM AND A BASIS FOR THEIR INDIVIDUAL RESPONSES. ASSUMING TENTATIVE DRAFT CAN BE PREPARED, WE WILL SUBMIT IT TO DEPARTMENT BEFORE IT IS ISSUED AS AN AGREED-UPON LETTER.
EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO05980
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750209-0241
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750644/aaaabnsw.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 CAIRO 5927, 75 CAIRO 5932
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMERGENCY ASSISTANCE FOR EGYPT
TAGS: EAID, EG, (ISMAIL, ABU)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006